

BANKERS OF NEW YORK DECIDE TO ISSUE ADDITIONAL CURRENCY

Will Be No Lack of Circulating Medium, Announces Frank A. Vanderlip After a Meeting of National Currency Associations.

TWO MORE CONSULTATIONS TO-DAY LIKELY

A serious and so unprecedented in the situation in the financial upheaval which has come upon New York owing to the political troubles in Europe that the banks of this city in order to provide against a scarcity of currency are taking out additional currency under the provisions of the Aldrich-Vreeland act.

A meeting of the National Currency Association of the City of New York was held at the Clearing House yesterday to consider applications for a substantial amount of national bank notes which may be issued as specified in the currency act.

Following the meeting Frank A. Vanderlip issued a statement that there would be no lack of a circulating medium. It is believed that another meeting of the National Currency Association will be held at the Clearing House to-day. It is also likely that the Clearing House Association will hold a meeting. The impairment of the local bank position is a serious one, as revealed in yesterday's Clearing House statement showing that the decrease in actual cash holdings amounted to \$56,229,000. The deficit of \$1,425,750 shown by the Clearing House members is the largest since December 23, 1907.

When the Stock Exchange closed its doors Friday for an indefinite period it was pointed out by one of the leading bankers of the city that the banks would find their total amount of available currency greatly lessened. He said that while the exchange was doing business and the heavy market of the world were under the influence of the banks had a plenty in both surplus and reserve. Now as they are unable to sell even a United States bond to secure currency and are unable to dispose of any of their other investments an otherwise available amount of currency is "frozen up." In addition the heavy exports of gold have also depleted their cash holdings.

Yesterday's Bank Statement.

Yesterday's bank statement amply bore out this prediction. It showed that the net deposits of the Clearing House members were \$1,911,539,000, a decrease of \$46,776,000 as compared with the previous week; that the cash in the bank vaults had decreased \$49,212,000 while the aggregate cash reserve of \$1,550,000, showed a falling off of \$56,229,000. The deficit reserve was \$17,425,750, a decrease of \$41,599,500. This deficit of \$17,425,750 is the largest that has been shown by the Clearing House members since 1907.

The statement of the Clearing House members' average condition shows that the average surplus reserve is \$3,603,000, a decrease of \$16,524,800 from the average surplus reserve of the week previous. This compares as follows with other average surpluses in other years:

\$2,000,000 in 1913, \$2,052,150 in 1912, \$1,945,400 in 1911, \$4,041,400 in 1910, \$2,945,600 in 1909, \$59,240,275 in 1908, \$4,742,200 in 1907, \$11,122,675 in 1906, \$12,100,225 in 1905, \$56,308,850 in 1904 and \$21,570,775 in 1903.

In view of these facts and as a precautionary measure to provide against any stringency of currency as arose in 1907 these members of the executive committee of the National Currency Association who were in the city met at the Clearing House to take steps to provide for an issue of additional currency by the Treasury Department.

Those present at the meeting were Frank A. Vanderlip, president of the National City Bank and president of the association, J. S. Alexander, president of the National Bank of Commerce, Richard DeLafayette, president of the National Park Bank, Gates W. McGarragh, president of the Mechanics and Metals National Bank, and E. Townsend, president of the Importers and Traders National Bank.

The bankers were in conference for several hours discussing the ways and means with which it was best to meet the situation and what amount of the additional currency ought to be deposited in the Sub-Treasury for the use of the local banks. It was not given out just what amount it was decided would be necessary to meet all demands for currency that might arise, but one of the bankers who was present at yesterday's meeting estimated that at least \$100,000,000 would be necessary.

What Vanderlip Says.

Following the meeting Frank A. Vanderlip, as president of the association, gave out two statements. The first was as follows:

"At a meeting of the executive committee of the National Currency Association held at the Clearing House Saturday afternoon applications were considered for a substantial amount of national bank notes which may be issued under the provisions of the currency act. All the machinery for rapid action under this act is in readiness, and it is expected that a sufficient amount of these notes can be issued to meet any demands that are likely to be made for circulating medium. Large amounts of the notes are now printed, and it is expected that the notes for New York banks will be forwarded to New York and lodged with the Sub-Treasury here, so as to be immediately available for use.

Under the terms of the law national bank notes are permitted to take out additional national bank notes up to an amount equal to the capital and surplus of each bank, although there is a total limit of one hundred million dollars upon this deposit of additional currency. Banks may deposit either commercial paper or securities with the Currency Association Committee. The committee passes upon the character of the collateral, and if it is deemed sound by representatives of the Treasury Department, the notes may be deposited for additional notes up to an amount equal to 20 per cent. of the capital and surplus of a bank; or a bank may deposit securities for any part of the additional circulation which it obtains.

A bank may apply directly to the Treasury Department without the intervention of the Currency Association if it has State or municipal bonds of approved character which it wishes to deposit as security for additional notes.

"There are already printed a total of \$124,000,000 of completed bank notes, and they are in the emergency vault of the Treasury in Washington."

"The second statement read: 'The action of the New York Currency Association in getting all the machinery ready for the issue of additional national bank notes should give assurance that there will be no lack of an ample circulating medium. It is now possible to create a considerable amount of additional currency that is absolutely secure and in exactly the same form as the present national bank notes. It is obvious that in the present disorganized financial situation in Europe the demand for any additional circulation must be met from within ourselves.

Method of Converting Assets.

"This law offers a perfectly sound method of converting assets into circulating notes. There need be no liquidation, therefore, of any repetition of the conditions of 1907, when there was so much distress through the inability of banks to supply a circulating medium. The banks of the country under this law may take out \$100,000,000 additional national bank

notes. There is no probability that anything like that amount will be needed, or could be used, but the banks are in a position to make their assets liquid and to meet demands for currency in a perfectly satisfactory manner by increasing their national bank notes under the provisions of this act. The act provides a true circulating currency and it is most fortunate under existing conditions, that it is available for the national banking institutions of the country.

The Treasury is cooperating in every way possible. It has been furnished in printing these notes in advance so that they are immediately available, and the door is open for the creation of any ready response to meet whatever legitimate demands there may be for a circulating medium.

"Always at this crop moving season there is a demand for a large amount of additional circulation, and it is not improbable that under the serious strain that the European situation has put upon us there may be more than an ordinary demand for money for circulation, and while the financial condition of the country is sound and preeminently strong in the world to-day nevertheless it has been deemed wise to get this effective machinery ready to meet any eventualities that may arise."

A. Barton Hepburn, chairman of the board of directors of the Chase National Bank, said that the additional currency which is being sought by the national banks will get into circulation just as the ordinary currency does. It will be distinguished from other bank notes, he asserted, only by the fact that it will not be secured by government bonds, and of course there will be no surface indication of this difference. Of the present situation resulting from the European developments Mr. Hepburn said: "International business is in a state of absolute paralysis, but this condition cannot last. The ferry across the Atlantic has stopped, but the needs of Europe will soon remedy that situation. Ships will positively have to be found to carry our goods across the ocean."

Gone to See McAdoo.

William Woodward, president of the Hanover National Bank, chairman of the executive committee of the National Currency Association of New York and newly elected director of the Federal Reserve District of New York, together with Francis L. Hine, president of the First National Bank and chairman of the Clearing House committee, are already in Washington conferring with the Treasury Department on the issuance of additional currency as specified under the provisions of the Aldrich-Vreeland act.

The Aldrich-Vreeland act was passed in 1908 and was intended to prevent just such shortages of currency as occurred in 1907. It was intended to stand as merely a precautionary measure pending more deliberate measures for the readjustment of the currency system through the activities of the National Monetary Commission. It provided for the issuance of \$500,000,000 additional currency whenever it is required. Such issuance of additional currency is to be made at the discretion of the Secretary of the Treasury. The basis for the additional circulation is secured by commercial paper held by national banks, as well as bonds of all kinds.

When the securities have been deposited with the Currency Association in whatever district the additional currency is needed the officers of the association may make application in behalf of the bank or banks to the Comptroller of the Currency for an issue of additional circulating notes not exceeding 75 per cent. of the cash value of the securities deposited against the issue. The amount of notes issued on the security of commercial paper is restricted to 30 per cent. of the bank's unimpaired capital and surplus. It previously was 40 per cent, but the percentage of unimpaired capital and surplus necessary has been reduced.

In order that the circulation may be retired after the issue it has passed each bank issuing it pays a tax at the rate of 3 per cent. per annum for the first six months such notes are in circulation and afterward an additional rate of 1/2 of 1 per cent. a year for each month that the issue is outstanding until a tax of 6 per cent. per annum is reached. This tax shall then continue till the additional currency has been retired.

Individual national banks under a similar provision may issue the additional currency on deposit of bonds, but not of commercial paper, with the Secretary of the Treasury.

The act was extended until June 30, 1914. When the Federal reserve act was passed it was believed that the new banking system would be in operation before that date, but as a precaution the operation of the Aldrich-Vreeland act was extended with certain modifications until June 30, 1915.

GRAIN EXPORTERS WORRIED.

Produce Exchange Meeting Fails to Clarify Situation.

There was a meeting of grain exporters yesterday at the Produce Exchange. The session was protracted and disturbing. Some of those present left before the session was over for the long discussion seemed, they said afterward, to get nowhere and it was impossible to fix upon ways and means of conducting the trade in the face of present difficulties.

A committee was appointed, but that was about the only definite thing accomplished. No remedy for the failure of insurance or the risk of grain as a contraband of war was found feasible. Those present at the meeting would not discuss it afterward.

"The truth is," said one large exporter, "the situation is impossible and we succeeded only in worrying ourselves sick over it. We don't know where we stand."

MANY FROM JERSEY ABROAD.

War Finds Scores of Prominent Persons Touring in Europe.

PATERSON, N. J., Aug. 1.—Former Mayor Andrew F. McBride, Dr. Archibald Alexander, Dr. Francis Todd and Dr. John Gilliam, who were to have sailed to-day on the American Transport Line steamship Minnewaska, decided at the last minute not to make their contemplated trip abroad because of the war conditions in Europe.

BANK OF ENGLAND JUMPS RATE AGAIN

Advances It From 8 to 10 Per Cent. as Hundreds Camp on the Doorsteps.

SOME SPEND NIGHT THERE

Discount Rates Advance Sharply in Other Countries Affected by War.

Special Cable Despatch to The Sun.

LONDON, Aug. 1.—A further rise in the discount rate of the Bank of England was announced to-day. The rate is now 10 per cent. It was 8 per cent. yesterday.

Chancellor Lloyd George had a long consultation with leading bankers of London to-night. He announced after the conference that the Government will ask Parliament on Monday to take steps to deal with the financial situation.

This is taken to mean that the Gov-

ernment will ask that the bank act be suspended, thus relieving the bank of paying gold on demand and will place the control of the national finances in the hands of the government of the bank, co-operating with the Government.

Hundreds of persons who were unable to get checks cashed before the bank closed, slept in the streets near the bank last night and were on hand when the doors opened this morning. The porters were sworn in as special policemen so that they could deal with any disturbance and a large number of regular policemen were on duty around the bank all morning.

There was, however, no excitement, although scores of the people were anxious lest they would be refused money they needed to go to the country over the three days holiday, the first Monday in August being a bank holiday throughout the British Isles.

A great part of the crowd was made up of workers who had been paid in bank notes and wanted gold, as notes are not usually accepted outside London unless the person presenting them is known to the management. In cases like the present a man at a holiday resort in England who has not a personal acquaintance there is in a position similar to Mark Twain's man with the million dollar bank note which he could not get changed.

To-day, for the first time in its history, Bank of England notes were refused all over London. As a test to-night The Sun correspondent offered a £5 note in a dozen places where "fivers" usually are not regarded as more than a shilling, but

the Carlton, the Ritz, the Imperial and other such hotels refused it. At the Carlton, for example, dinner and supper were served as usual. When the bill was presented a £5 note or a £10 note was proffered. The maitre d'hotel asked: "Have you gold?" If the reply was "No" the maitre d'hotel said: "Sorry, we do not change the notes. Will you kindly sign the bill with your address and pay later."

Holiday resorts in this country are benefiting somewhat by the war scare, as thousands of persons who intended to cross the Channel for the three days decided on account of the possibility of war starting in a day or two to remain in England.

An indication of the serious nature of the situation, however, is seen in the decision of the Baltic Mercantile and Shipping Exchange to be open on Monday, despite the fact that it is a bank holiday. This decision is unprecedented.

A slump in beet sugar futures brought the price down from 8s. 6d. a hundredweight to 8s. 6d. Refined sugar was withdrawn from the market.

BERLIN, Aug. 1.—The Imperial Bank of Germany raised its discount rate to 6 per cent. The Bank of France was raised to-day from 4 1/2 per cent. to 5 per cent. The rate for loans is now 7 per cent. The Bourse was opened, but no business was done.

AMSTERDAM, Aug. 1.—The bank rate in the Netherlands has been raised to 6 per cent. It was 4 1/2 per cent. yesterday.

UNCLE SAM DOESN'T CUT EXCHANGE RATE

Post Office Only Place Where Rate for Foreign Orders Isn't Boosted.

Persons who were worrying over the probable empty purses of friends or relatives in Europe found it almost impossible yesterday to forward money by cable.

Of all the mediums of foreign exchange there were only two which made any pretence yesterday of continuing in the face of the prohibitive rates and great risks. The American Express Company dealt gingerly in exchange on London, Paris and Berlin, but only for old customers who made it very clear that the safety of American friends depended upon financial help. The Post Office was the other institution which sold exchange.

All day long there were insistent individuals at the American Express offices on lower Broadway who inquired for rates on Paris and London. They met the answer that there was none at all. But in some instances small amounts of exchange were sold them. To Paris the rate was 30 cents a franc and to London they had to pay 46 for a pound sterling. The rate to Berlin was proportionate. There were perhaps fifty persons who received accommodation in this way for themselves and friends before 1 o'clock. But after that hour, when

most of the officialised zone, even this was withdrawn.

The Post Office did not raise its rates at all, but allowed to each person no more than \$50 in a foreign order. The rate was \$4.00 a pound sterling. By this it was evident that the Government was doing its best to accommodate Americans abroad, but at the same time would not permit speculation in exchange orders.

Many who went to the Post Office were disappointed because of the \$50 limit. Several wanted to send very large sums abroad. One man even asked if he could get an order payable in Belgium for \$50,000. It was assumed that he was a speculator.

WILL HURT AUTO INDUSTRY.

DETROIT, Aug. 1.—"A general war in Europe will kill the exportation of motor cars from Detroit," said John Poole of the Hupp Motor Car Company to-day. "Trade continued good up to Thursday, then a slowing up became noticeable."

Sales Manager Howard of the Cadillac company said that the majority of exportations were to England and that this trade would be affected by conflicts in the Continental countries.

Even if England is not actively engaged in war her financial condition will be seriously affected," he said.

"In case of a general war there would be a great falling off in the exportation of cars," said Sales Manager Hill of the Packard Motor Car Company. "The falling off of securities and the difficulty of getting money would certainly restrict the purchasing of cars."

S. A. Hawkins, financial agent of the Ford Auto Company, however, says that the war may only tend to increase the company's European sales.

Maillard
Lutheon and Tea Room
On the Fifth Floor

Stern Brothers

42nd and 43rd Streets, West of Fifth Avenue.

Mail and Telephone
Orders receive prompt
and careful attention.
Telephone 6700 Bryant.

As previously announced, To-morrow, on the Fifth and Sixth Floors, The Annual Sale of Furniture and Bedding

WHEN our entire stocks of artistic and carefully selected pieces and suites will be reduced in price from ten to fifty per cent. The furniture will be held, if so desired, and delivered later on at the purchaser's convenience. A representative list of the extraordinary offerings follows:

BEDROOM SUITES

Five Piece Circassian Walnut Suite; formerly \$250.00, now \$175.00
Five Piece Sheraton Mahogany Inlaid Suite; formerly \$225.00, now \$150.00
Six Piece Sheraton Mahogany Inlaid Suite; formerly \$275.00; now \$185.00
Six Piece Adam Suite, finished in antique mahogany or ivory enamel; formerly \$375.00, now \$275.00
Seven Piece Ivory Enamel Suite, formerly \$445.00, now \$325.00

LIBRARY AND LIVING ROOM SUITES

Beautiful Hand Carved Chippendale Suite, consisting of Sofa, Arm Chair, Ladies' Chair and Table; very best upholstery; formerly \$675.00, now \$475.00

MAHOGANY DRESSERS

Formerly \$30.00, now \$23.50
" \$40.00, now \$33.00
" \$44.00, now \$36.00
" \$52.00, now \$40.00

MAHOGANY TOILET TABLES

Formerly \$18.50, now \$13.50
" \$22.00, now \$16.50
" \$35.00, now \$25.00
" \$38.50, now \$28.50

MAHOGANY LIBRARY TABLES

Formerly \$21.00, now \$14.50
" \$35.00, now \$26.50
" \$45.00, now \$32.50
" \$50.00, now \$38.50

MAHOGANY BOOKCASES

Formerly \$16.50, now \$12.75
" \$30.00, now \$22.50
" \$38.50, now \$28.50
" \$45.00, now \$35.00



\$350.00 BEDROOM SUITE AT \$250.00
Five pieces, as illustrated; in antique mahogany or ivory enamel, with prima vera tops.

MAHOGANY CHIFFONERS

Formerly \$26.50, now \$20.00
" \$29.50, now \$23.50
" \$48.00, now \$35.00
" \$55.00, now \$42.00

CIRCISSIAN WALNUT CHIFFONERS

Formerly \$35.00, now \$28.50
" \$50.00, now \$40.00
" \$55.00, now \$42.00
" \$58.00, now \$45.00

CIRCISSIAN WALNUT TOILET TABLES

Formerly \$27.25, now \$18.75
" \$28.50, now \$20.00
" \$40.00, now \$30.00
" \$50.00, now \$35.00

CIRCISSIAN WALNUT DRESSERS

Formerly \$35.00, now \$28.50
" \$38.50, now \$30.00
" \$70.00, now \$58.00
" \$90.00, now \$68.00

ARM CHAIRS

Formerly \$16.50, now \$12.25
" \$26.50, now \$18.50
" \$45.00, now \$30.00
" \$52.00, now \$35.00

BRASS AND ENAMELED BEDSTEADS

Colonial Brass Bedsteads, in all sizes; 2 in. posts; formerly \$16.75, \$12.50
Brass Bedsteads, 2 inch continuous posts; in all sizes; formerly \$20.00, now \$14.75

BRASS BEDSTEADS, 1 1/2 inch square post and all square filling and cross bars

Formerly \$36.00, now \$26.50
White Enamel Bedsteads; all square tubing; formerly \$12.75, now \$9.00
White Enamel Bedsteads, Colonial posts and brass rail top; formerly \$10.50, now \$7.00

DINING ROOM SUITES

Ten Piece Suite, of Jacobean Oak, with cane paneled backs to Buffet, China Cabinet and Server, cane seat and back Arm Chairs; Table top 64 inches diameter, extension 8 ft.; formerly \$300.00, now \$255.00

Ten Piece Georgian Colonial Mahogany Suite, beautifully hand carved, drawer fronts and doors veneered with the choicest crotch mahogany; formerly \$525.00, now \$420.00

Ten Piece Sheraton Mahogany Suite, made of the choicest mahogany and finished in the brown English shade and dull inlaid lines of satinwood; formerly \$703.50, now \$495.00

Separate Pieces, such as Buffets, China Cabinets, Serving Tables, Extension Tables and Chairs at corresponding reductions.

DAVENPORTS

Mahogany frames; covered in denim. Formerly \$70.00, now \$48.50
" \$80.00, now \$55.00
" \$100.00, now \$80.00
" \$101.00, now \$55.00

BOX SPRINGS

In all standard sizes. Formerly \$12.50, now \$9.75
" \$16.50, now \$14.50
" \$22.75, now \$19.00

MATTRESSES

Special Black Horse Hair Mattresses, full size, formerly \$26.00, now \$20.00
Layer Felt Mattresses, full size; formerly \$12.25, now \$7.75
Smaller sizes proportionately reduced.

WIRE SPRINGS

In all sizes, from \$3.25 upwards.

Oriental Rugs

PRACTICALLY every desirable size and weave is included in this August offering, on the Fifth Floor. Designs and colorings are of the highest decorative excellence. If desired, purchases will be held for future delivery.

Small and Medium Size Rugs

Shirvan and Beloochistan Mats
Values \$7.50 to 10.00,
at \$3.95 and 5.75

Kurdistan and Mousoul Rugs
Sizes from 3 1/2 to 4 1/2 ft. wide by 6 to 8 ft. long. Values \$52.50 to 43.75,
at \$14.85 and 19.75

Kirmanshah and Sarouk Rugs
Sizes about 3 by 5 ft. to 4 1/2 ft. by 6 1/2 ft., Values \$89.75 to 125.00,
at \$25.00 to 69.00

Extra Fine Mousouls, Irans and Serebends
Sizes from 3 1/2 to 5 1/2 ft. wide by 6 to 7 1/2 ft. long. Values \$45.00 to 75.00,
at \$24.75, 29.75 and 35.00

Antique Bokhara Rugs and Saddle Pieces
Sizes about 2 1/2 by 3 1/2 to 4 ft., Values from \$12.50 to 25.00,
at \$6.75, 9.50 and 12.85

Persian Hall Runners, at \$15.00 to \$150.00

Formerly About Double These Prices

Rugs in Desirable Room Sizes

Persian Muskabads, Mahals and Serebends
Sizes about 7 by 10 to 11 by 15 ft., Values \$95.00 to 250.00,
at \$58.00 to 175.00

Afghan Bokhara Rugs
Sizes about 6 by 9 ft., Formerly \$85.00 and 95.00,
at \$49.50, 58.00 and 65.00

Persian Ghorovans and Serapies
Sizes about 8 by 10 to 11 by 14 ft., Formerly \$150.00 to 295.00,
at \$95 to 188.00

Kirmanshah Carpets
Sizes about 7 by 10 to 11 1/2 by 17 ft., Values \$275.00 to 850.00,
at \$148.00 to 575.00

To-morrow, on the Third Floor, the Final Reductions on

Women's Summer Apparel

INCLUDED are our entire stocks of Summer Dresses, Suits and Coats, now reduced as follows:

Summer Dresses, at \$1.95 to 18.50

Formerly \$3.75 to 49.50

Silk and Serge Dresses, at \$10.00 to 45.00

Formerly \$17.50 to 98.00

Tailored Linen Suits, at \$5.00 to \$15.00

Formerly \$10.50 to 39.50

Cloth and Silk Suits, at \$8.75 to 49.50

Formerly \$25.00 to 195.00

Tub Skirts, at \$1.65 to 4.95

Formerly \$2.50 to 7.75

In the Cotton Goods Department, on the Second Floor, Imported Cotton Fabrics, at 50c a yd. Former Prices \$1